



AKADEMIYA

covid-19 Brief

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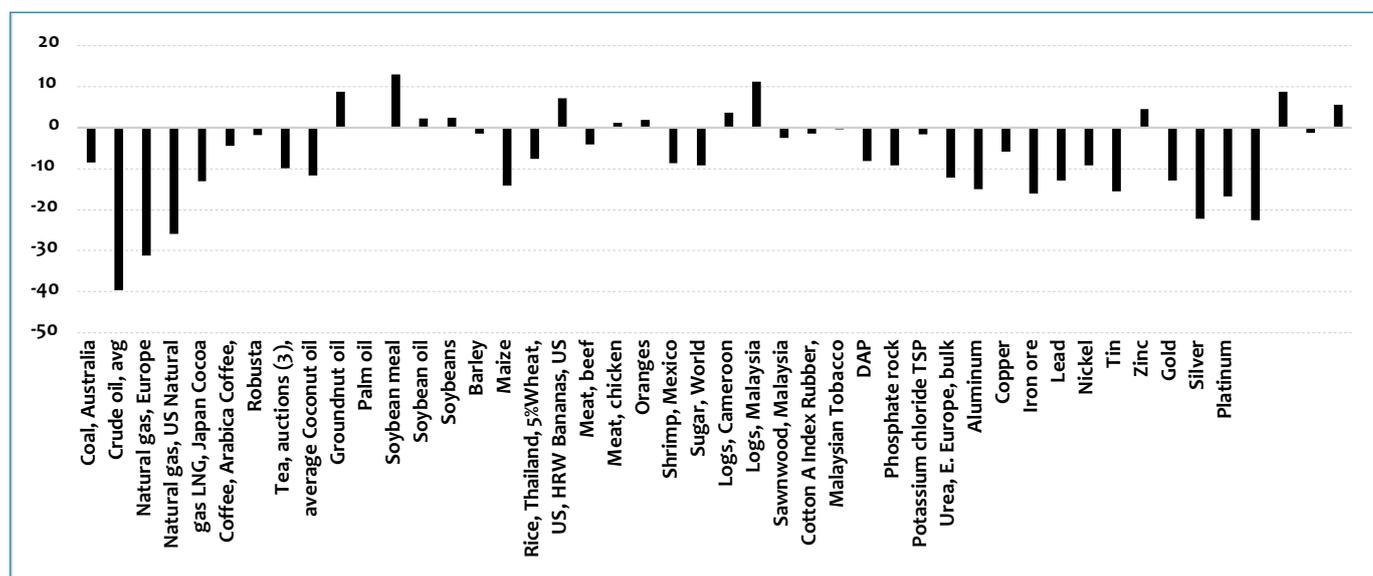
Changes in global commodity markets and effects on country trade performance: Nigeria.

Ismael Fofana, Director, Capacity and Deployment and Leysa Maty Sall, Associate Scientist.

The consequences of the COVID-19 pandemic have gone far beyond the spread of the disease as measures taken by governments to protect the health of the population have caused serious disruption to the national and global economies. The pandemic is affecting the economies of many countries through several channels, including through changes in global commodity markets. This Brief presents a short overview of an assessment of the growth and poverty effects in Nigeria of disruption in primary commodity markets.

Changes in Global Commodity Markets and Effects on Nigeria's Trade Performance

Figure 1: Changes in predicted prices for primary commodities



¹ World Bank. Commodity Markets. Retrieved on July 2020. www.worldbank.org/en/research/commodity-markets#2

² COVID-19 and international trade: Issues and actions (OECD). Retrieved in July 2020 from www.oecd.org/coronavirus/policy-responses/covid-19-and-international-trade-issues-and-actions-494da2fa. Lower export demand elasticity values are selected to implement the COVID scenario compared to the baseline scenario.

Figure 2: Share of Top Ten Primary Commodities in Nigeria's Total Exports, 2018

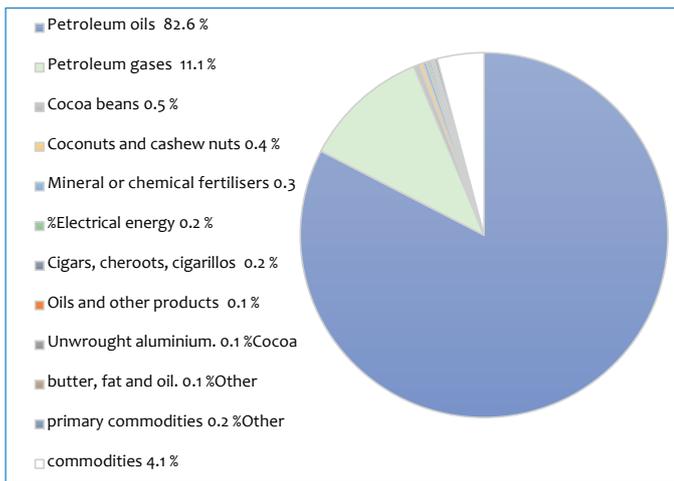
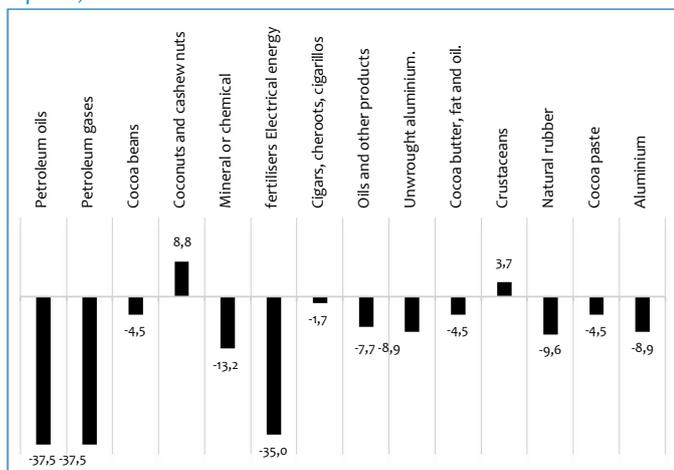


Figure 4: Share of Top Ten Primary Commodities in Nigeria's Total Exports, 2018



in global prices and market access. No other changes are considered so as to isolate the latter effects. The ultimate impact of global price changes on the Nigerian economy will depend on the magnitude of individual price changes and composition of the basket of primary commodities internationally traded by the country. As shown in Figures 2 and 3, primary commodities accounted for 96 and 44 percent of Nigeria's total exports and imports in 2018, respectively. International prices for the large majority of these commodities have fallen in the wake of the COVID pandemic (Figures 4 and 5). The hardest hit sectors are petroleum, petroleum gases, and electrical energy, with a price decline of close to -40 percentage points (pp), followed by mineral and chemical fertilizers (-13 pp), and natural rubber (-10 pp). Only two export commodities experienced a rise in prices: crustaceans (4 pp) coconuts, and cashew nuts (9 pp). Petroleum products and fertilizers are also leading the changes in import prices with similar rates of decline, along with

Figure 3: Share of Top Ten Primary Commodities in Nigeria's Total Imports, 2018

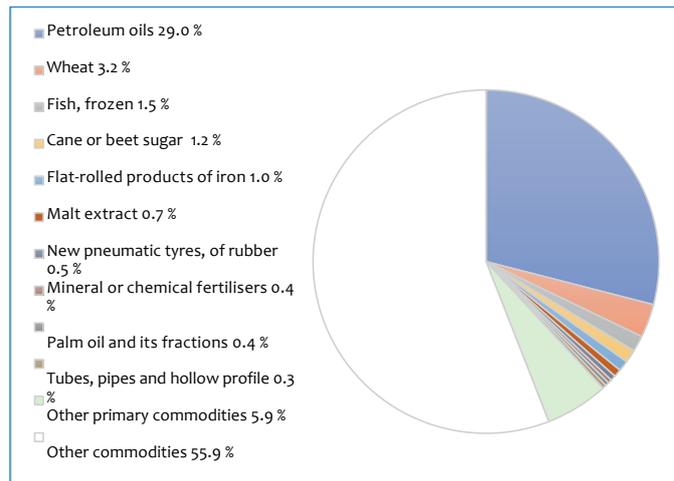
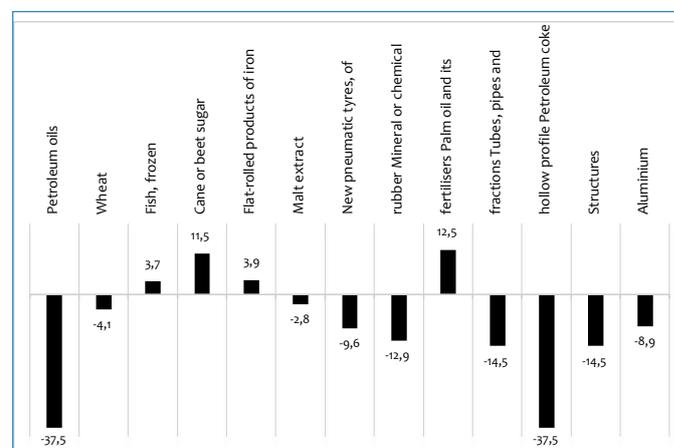
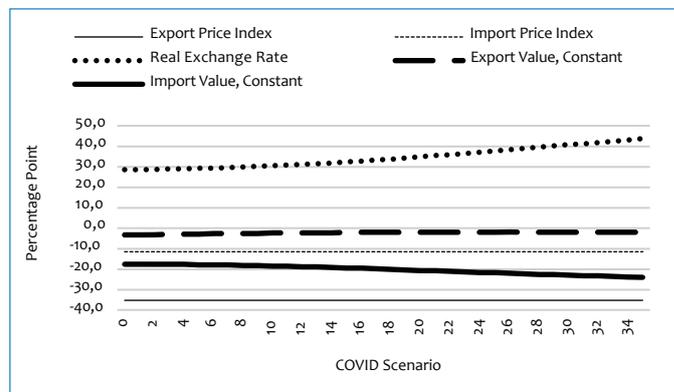


Figure 5: Share of Top Ten Primary Commodities in Nigeria's Total Imports, 2018



more modest changes in prices for structures, tubes, and pipes (-14 pp), as well as new pneumatic tires (-10 pp). The highest increase in international prices are observed for sugar and palm oil (12 pp). The average change in export and import prices and related changes in export and import values are presented in (Figure 6).

Figure 6: Trade Effects of Global Commodity Market Disruption (pp)



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